

Office 2010: The future of knowledge worker productivity software

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Productivity and Business Services

Agenda

- Office History and “Crisis”
- Redefine the Market
- KW Strategy and Business Dream
- Office in 2010?
- Where We Need Help

Productivity Innovation

- Bet on graphical user interface (GUI)
- Bet on family of applications
- PowerPoint – transforming presentations
- Outlook – desktop information management
- Content authoring and tools

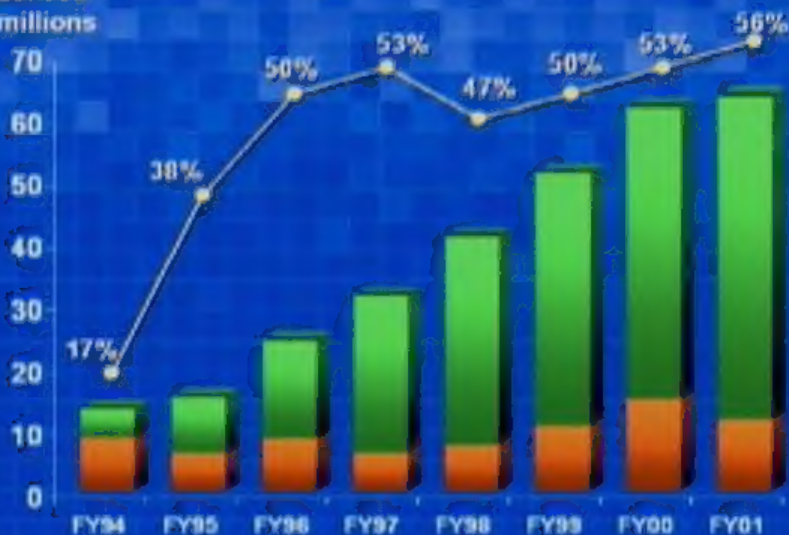
~300M users of Office applications

\$8B business

Growth In Office Suite

Licenses
in millions

Suites Components Pro Mix



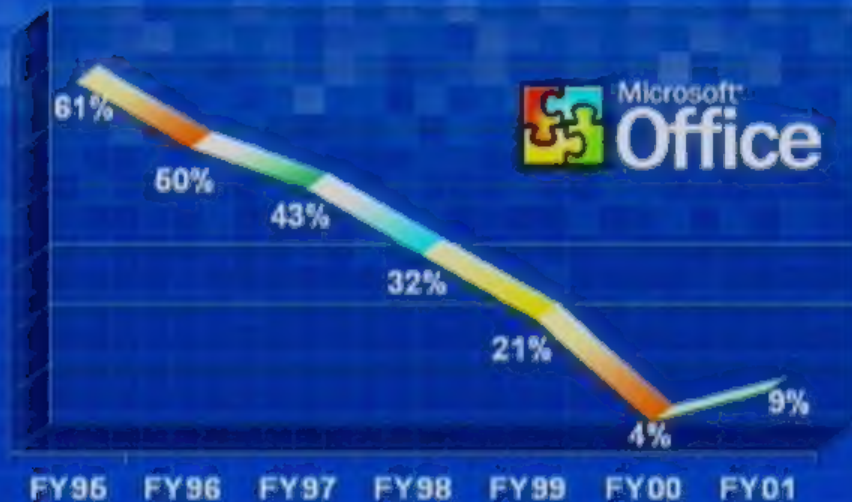
Key Challenges

- Traditional desktop productivity needs perceived as largely solved
- End user enthusiasm is low
- CIOs resist upgrades and lock down the desktops
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- "Coasting" on EAs and VUPs

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Office YOY Growth



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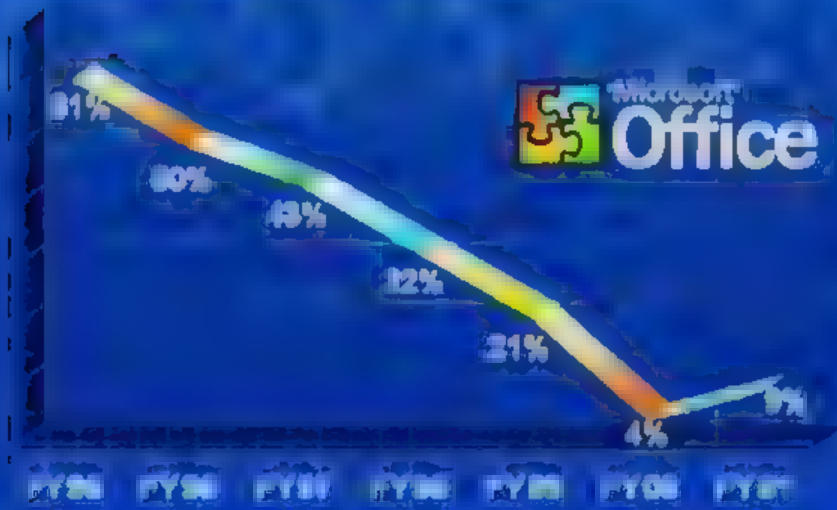
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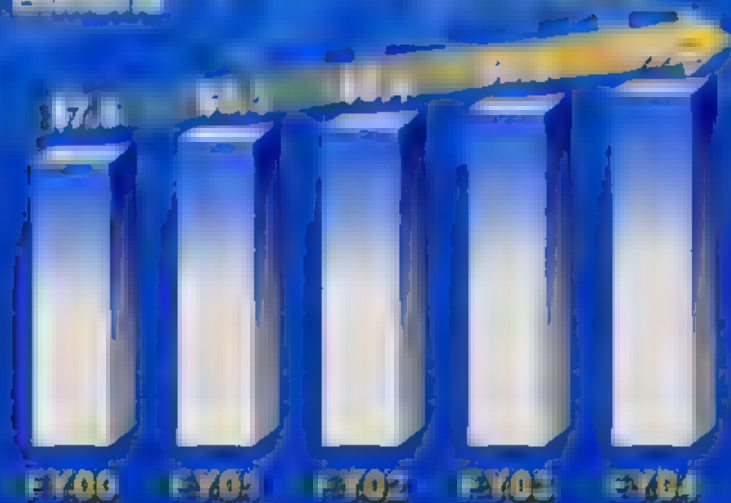
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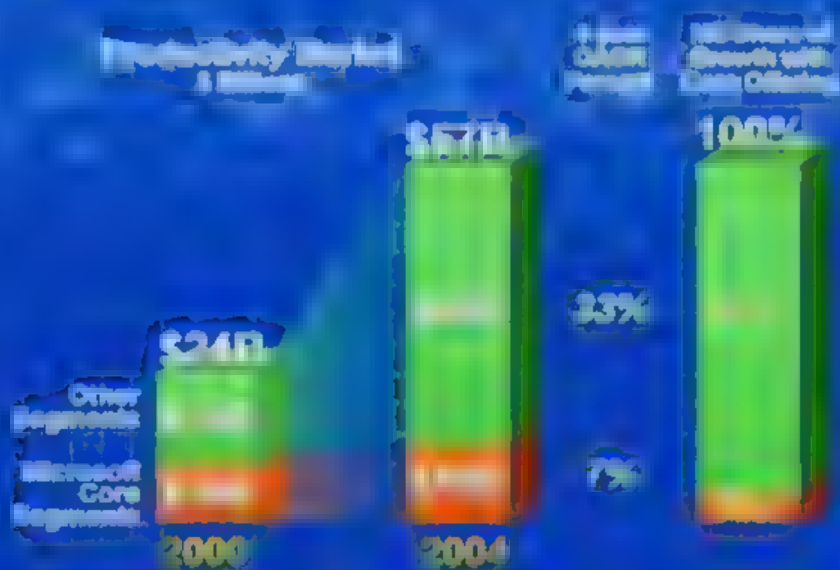
Office YOY Growth



Office Growth Projection in Billions



Projected Share of Market and Growth



"When you have high market share, re-define your market as a bigger opportunity where you have lower share and the opportunity for growth."

Jack Welch

CEO Opinion Poll

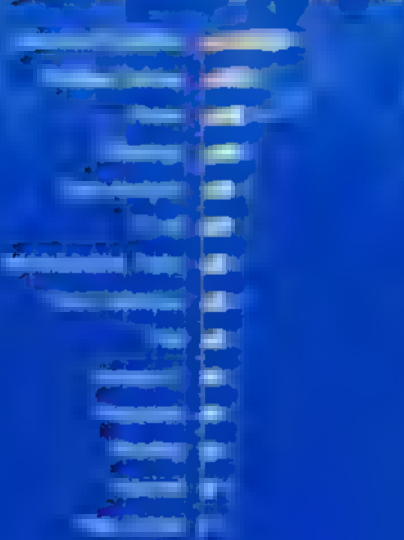
Which of these advances will have the greatest impact on the success of your business in the next 5 years?

(choose one)

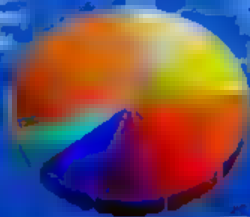
- ☐ Knowledge worker productivity
- ☐ Partner/Supplier B2B relationships
- ☐ Business process integration
- ☐ Manual worker productivity

The KW Day Is Spent

How Many Hours Did You Spend on KW Day?



How Many Hours Did You Spend on KW Day?



Other Emerging Market/Mindshare Leaders

Productivity, Project, and People

Business
platform
services

Cloud.com

Author

Location

Communicate

Manage

Employee
connect

Author tool

Content mgmt

- Document
- Content

E-mail and
calendar

PM

Advanced
services

- Salesforce
- Google Tech.

Connectivity

- eConnect

Creating
Business

BI & Analysis

- Bus. Objects
- Cognos

Integrated comm.

- Skype (Latter)
- Skype
- Skype

Client mgmt
(CRM)

- Salesforce (Latter)

Training

- Salesforce
- Google Tech.

Security

- McAfee
- VeriSign

Share

Portfolio

- Portfolio
- Top-10 (Latter)
- Yahoo
- LinkedIn

Real time comm.

- LinkedIn

Collaboration

- Skype
- Google Tech.
- Google Tech.

Personal
services

- Adobe

Individual
Computing

- Google
- Google

Author/Editor

Find

- Verity
- Google
- Google

Process & mgmt

- Microsoft
- Microsoft

Project mgmt

- eConnect

Deliver content

- Adobe
- Microsoft
- Google

Take notes

- eConnect

Other business and consumer
in high-growth segments

Office User Segmentation



Knowledge Worker Productivity Opportunity

Productivity gains from knowledge worker services: \$100B by 2010

Productivity platform services



Source: www.mckinsey.com
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Targeted Short-List Of Markets

Business
platform
services

Author	Location	Communicate	Storage	Employee services	
Author feed	Content	E-mail and scheduling	PM	Adopted services	Connectivity
Creating (Network)	API	Integrated content	Cloud-based PM	Training	Security
Draw	Draw	Real time content	Subscription	Personal services	Individual Computing
Audio/video	Audio	Presentation services	Project report	Short-List of Markets  Large Market (US & Canada)  Strategic Emerging Markets  Emerging Markets (EMEA)	
	Audio	Take notes			

Summary Of Competitive Overview

Marketing

Product Development

Finance

Customer
platform
services

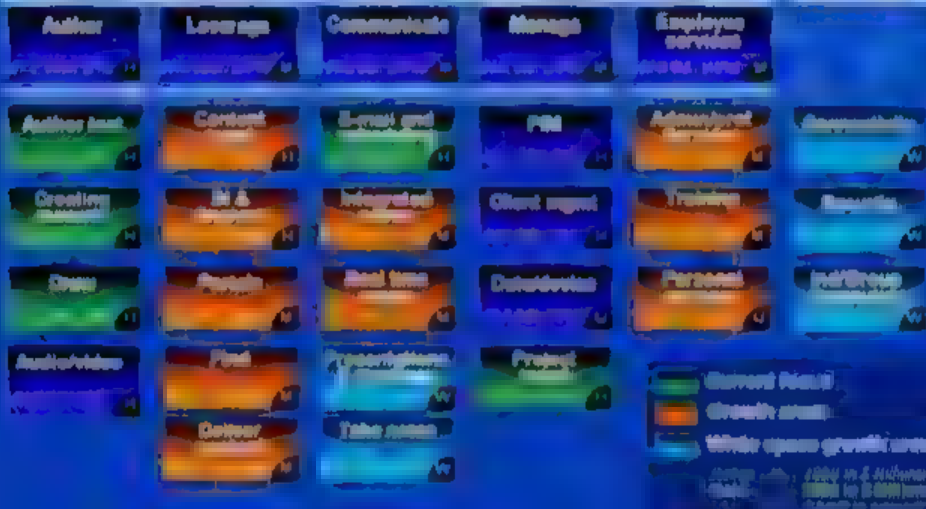
Customer	Product	Development	Finance	Employee	Customer
Autodesk	Content expert	Cloud & web	HR	Advanced	Connectivity
Cloud	HR & Analytics	Integrated com	Cloud expert	Training	Security
Cloud	Partners	Real time data	Cloud native	Personal	Mobile Content
Autodesk	Cloud	Process & tool	Project		
	Twitter content	Twitter			
Adobe	Adobe				

Microsoft's key competitors are making gains in growing segments

Knowledge Worker Productivity Opportunity

Productivity by providing work resources and tools

Education
platform
services



Office User Segmentation

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Other Emerging Market/Mindshare Leaders

Productivity Productivity Productivity

Software platform services

Productivity

Author

Education

Communicate

Manage

Employee services

Author tools

Content mgmt

- Document
- Content

E-mail and scheduling

CRM

Advisory services

- People
- Career Tech.

Connectivity

- eConnect

Creating content

ID & Analysis

- Book, eBook
- Content

Integrated search

- Google Scholar
- Google
- People

Client mgmt (CRM)

- CRM (Internal Commerce)

Training

- SmartPhone
- Digital Tech

Security

- Security
- Storage

Home

Portfolio

- Portfolio
- Top-100000
- Video
- ePortfolio

Next time around

- Lattice

Online video

- YouTube
- Facebook
- YouTube

Personal services

- Address

Individual Computing

- Family
- Groups

Author tools

Find

- Mobile
- Internet
- Google

Process & mail

- Mobile
- Internet

Project mgmt

- Office

Online content

- Audio
- Video
- Storage

Take notes

- Document

Other emerging and midsize

in high-growth segments

Knowledge Work

Access

Internet

Book

Search

Access

Internet

Book

Search

Secure Exchange

Automating Business
Processes / Workflow

Any Time, Any Place, Any Device

Always Works; Always Up to Date

Unified Storage

Natural Language

Summary Of Competitive Overview

Microsoft products and services

Microsoft platform services

Office	Commerce	Communicate	Manage	Employee services	
Business Email	Content mgmt	Cloud & work	HR	Advanced services	Connectivity
Clouding platform	HR & Analytics	Integrated comms	Client mgmt (CRM)	Training	Security
SharePoint	Portfolio	Real time comms	Relationships	Personal services	Mobile Connect
Automation	Cloud	Process & work	Project mgmt		
	Twilio ecosystem	Take action			

Microsoft's key competitors are making moves in growing segments

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SharePoint	Portfolio	Real time comms	Relationships	Personal services	Mobile Connect
Automation	Cloud	Process & work	Project mgmt		
	Twilio ecosystem	Subscription			

Microsoft's key competitors are making moves in growing segments

Knowledge Work

Action

Information
Push
Control

Share

Learning
Knowledge
Transfer

Collaborate

Meeting
Facilitation
Self-Monitoring
Note Taking
Appointment
Scheduling

Author

Direct
Manipulation
Object
Value

Monitoring
Indexing
Categorizing

Decide

Task Action
Task Management

Information
Pull
Promoting
Control

- Secure Exchange
- Automating Business Processes / Workflow
- Any Time, Any Place, Any Device
- Always Works; Always Up to Date
- Unified Storage
- Natural Language

Early Directions

CRM

HRM

Management

CRM

Meetings

Presentation

& RTC

RTC

Office Management Tools

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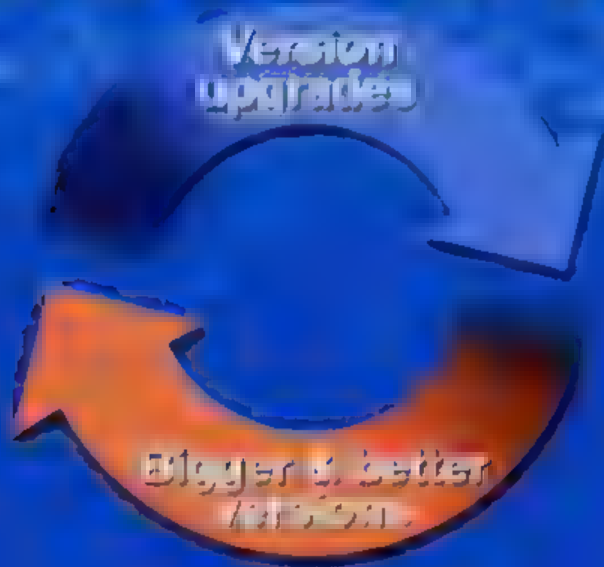
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Break Out Of The VUP Cycle



Early Directions



Network
Management
Tools

CRM

Meeting
Presentations
& RTC



Office 11 Integration with

- Conferenced telepresence and
meeting platforms with SIP

- Network capabilities

- Company now sold as MS Office
Management Server

- Decision to build versus buy

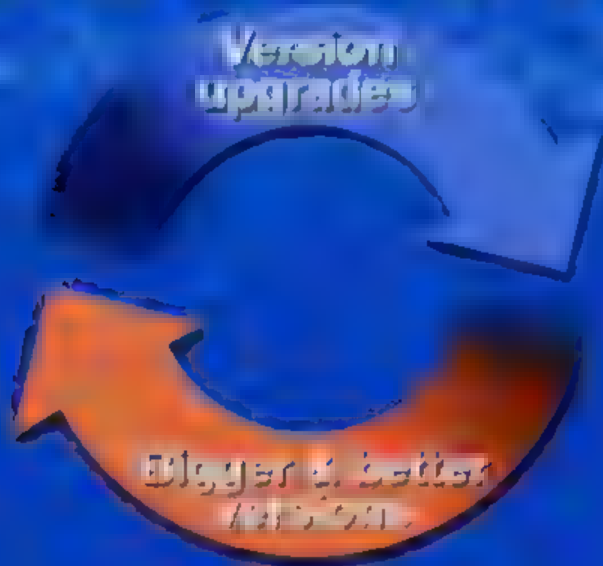
- Included in Office 11

- MS solution potential linking Office,
Windows Media, Messenger, Searcher,
Ring Cam, Digital Meetings Server

- Maximal acquisition

- Creation of 3rd player in Office (Office 11)

Break Out Of The VUP Cycle



Knowledge Worker Business Strategy

Partition the Value

New
Categories

Create
Value

Office



Knowledge Worker Business Strategy

KW
Solutions
Group

IT
Marketing
Services
& Sales
Force

The Knowledge Sales



The KW Business - A \$20B Dream

Grow from \$1B to \$20B in 5 years

Requirements:

- 1000 legal desktop licenses (including software)
- 1000 Exchange desktop licenses (including software)
- Local Office must contribute at least \$1M in sales

Goals:

- Keep Office "lean" by using attorneys or paralegals to maintain
- Maintain 50% legal desktop value while growing to 2000 desktops
- Office total of \$1M in 5-6 years 50% of growth

Key Success Factors:

- Achieve 50%+ penetration of legal Office desktops, with value in expansion
- Categories must achieve 20%+ penetration at \$200-\$300 price point
- Second contract of \$5.0M

Key Revenue Sources:

- Contribute to value of Windows license by providing basic level of \$10 support, maintain 50-70% usage share.
- For advanced services achieve 20% penetration of legal Office desktops
- GA: Server or Service gross margin value of \$4M desktop
- Advanced 50% Core/Peripherals total of \$1.0M



**Change before
you have to**

Jack Welch's 5th Rule

KW Value Creation

Processing tools

IT

Business

Communication - getting networked

- Email
- Instant
- Internet

XML Web Services

Communication - digital convergence

Video, phone+cell; email, computer, fax, paper

Digital ubiquity - multiple devices

Paperless

KW solutions

How to grow the business evolution

o-workers

(a.k.a. Office users)

How to grow the business evolution

o-workers

(a.k.a. Office users)

Office software has now made an effort outside the two hours-the typical high-impact KW uses Office per-day. Increase usage among casual users by offering more value.

How to grow the business Revolution

o-workers
(a k a Office users)

How to grow the business Revolution

o-workers

(a.k.a Office users)

to grow the business

the business is the

business is the

business is the

business is the

more value

business is the

to the market

category by adding

software value

where today there

are non-software

processes

business is the

How to grow the business Revolution

o-workers

(a.k.a. Office users)

How to grow the business Revolution

o-workers

(a.k.a. Office users)

i-worker

(people who use
or observe info)

How to grow the business Revolution

p-workers
(PDA users)

o-workers
(a.k.a. Office users)

i-worker
(people who use
or observe info)

How to grow the business Revolution

p-workers
(PDA users)

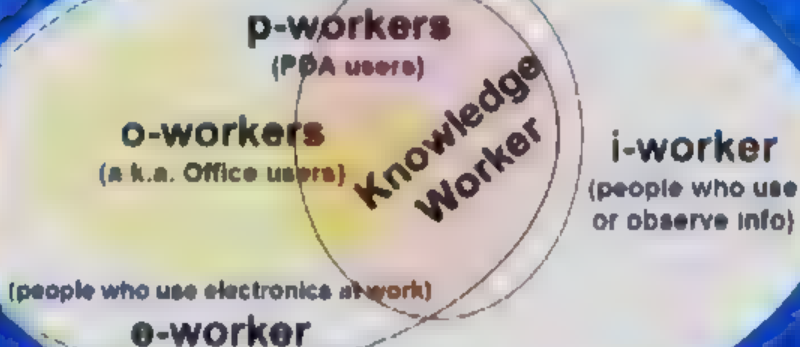
o-workers
(a.k.a. Office users)

(people who use electronics at work)

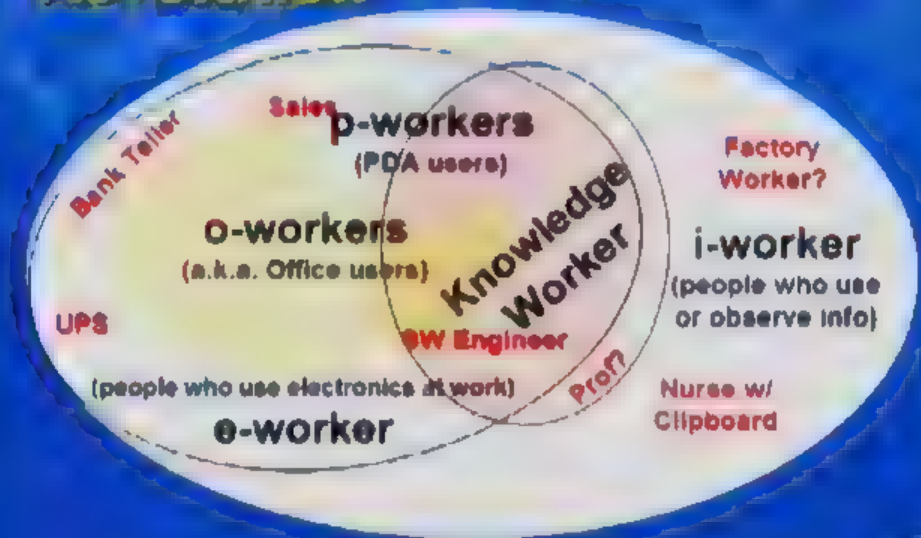
e-worker

i-worker
(people who use
or observe info)

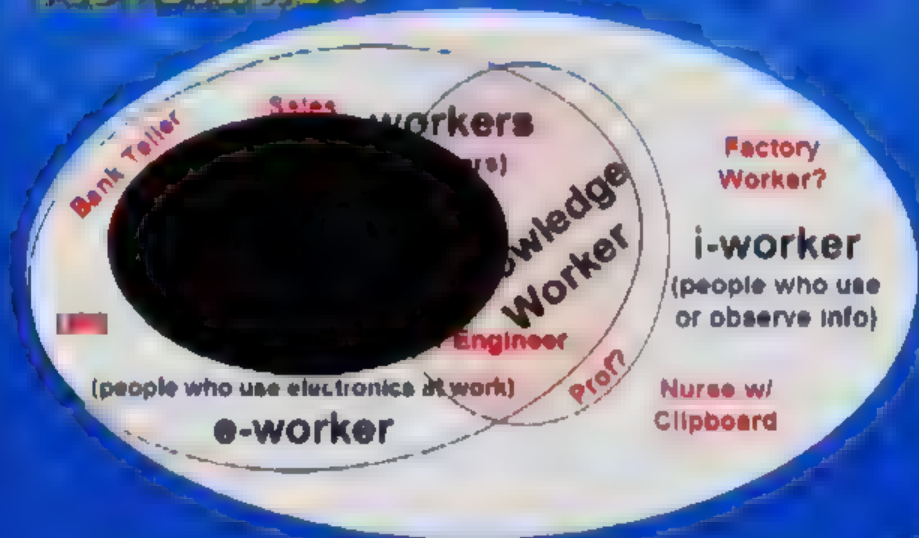
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How to grow the business Revolution



How to grow the business Revolution



Hypotheses: i-Worker Value (or is it e-Worker Value?)

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supplier (Juggler, Halifax,...)
 - Make e-work platforms context-relevant to
business and personal use

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- Put e-work in the worker's context: case, claim, project, task, customer, supplier (Juggler, Halifax,...)
 - Make e-work platforms context-relevant to business and personal use
- Make 'ad hoc' workflow really work
- Bring the right software to the right (personal) device to turn i-workers in e-workers